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ARTICLE APPEARED  
ON PAGE 1NEW YORK TIMES  
22 March, 1985

# General Dynamics' Accuser

## Veliotis Kept Phone Tapes

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Special to The New York Times

ATHENS — For more than a year, a steady stream of Federal investigators has sought audience with Panagiotis Takis Veliotis. Though he was first viewed with skepticism, many visitors to his villa in Ekali, this city's richest suburb, have now come to believe that he holds evidence of vast corruption in the United States defense industry.

Indications are that this may not be idle musing. Though Mr. Veliotis, a 58-year-old former manager of the General Dynamics Corporation's Electric Boat division, lives with the taint of having fled to his native Greece just before a 1983 Federal indictment on kickback charges, he possesses voluminous private records from his decade in the top echelon of General Dynamics, the United States' largest weapons builder.

After months of Congressional hearings and Justice Department scrutiny, his status as a fugitive has become secondary to his curatorship of these documents, which include extensive recordings of his business phone calls. Investigators have found the cache to be an almost bottomless source of information about reportedly fraudulent activity at General Dynamics and the Pentagon.

In the course of three days of interviews at his home, during which he discussed the entire range of charges against the company, as well as his own indictment, Mr. Veliotis presented stark personal contrasts. On the one hand, he is an aristocratic and broadly educated professional, with

an engineering degree from Greece's Royal Naval Academy. At the same time, he freely admitted having inflated the estimated costs of General Dynamics shipbuilding work to obtain higher Government subsidies.

### 'Maybe a Little Crazy'

"I took the company line," he said of his involvement in this and other schemes. For his own part, he said he blamed personal ambition, defense industry norms and his being "maybe a little crazy."

General Dynamics officials, for their part, have continually maintained that the Veliotis allegations are false and self-serving. But as investigators from the Federal Government and the press have gradually obtained independent confirmation of some of his charges, the company has become more defensive. And Mr. Veliotis has grown more relaxed and assured.

Of the records that he keeps in an Athens bank vault, the telephone tapes have proved the most dramatic, if not yet the most damaging to General Dynamics. Mr. Veliotis said he had given 90 percent of his surreptitious recordings to the Justice Department and 60 percent to a reporter for The Washington Post who is writing a book about the company.

He said he had kept about five hours of taped business conversations that he feels are severely damaging to top General Dynamics executives and Government officials. He will release these tapes, he said, if the Justice Department "doesn't play it straight."

### Bulletproof Windows

His lawyers have also been instructed, he added, to release them upon his death. He said three attempts have been made to kill him since his return to Greece. The lavish Ekali residence was built with se-

curity in mind — it has bulletproof windows, extensive alarm systems and is just down the hill from the home of Constantine Karamanlis, a family friend and former President of Greece.

For a year, Justice Department investigators have made repeated visits to Athens to question Mr. Veliotis and decipher his tapes. Early on, the department granted him immunity against charges in a single area — possibly fraudulent filing of claims to recover huge cost overruns on Navy submarine contracts in the 1970's. As manager of Electric Boat in Groton, Conn., from 1977 to 1981, he played a part in defending the claims. Now he is playing a central role in asserting they are bogus.

He said he believes the documents must inevitably lead toward indictments of current General Dynamics officials. His only fear, he said, is that the Reagan Administration might choose to hobble the Justice Department inquiry in some way, perhaps by thinning its budget or scattering its personnel.

A previous Justice Department investigation of the submarine claims ended in 1981 without prosecution. Mr. Veliotis said Electric Boat had been able to overwhelm Government lawyers in that case by responding to their subpoenas for company records with vast amounts of technical paperwork, much of it irrelevant. He also maintained that the company had obtained from a Justice Department lawyer a copy of the prosecutor's brief, which General Dynamics lawyers then used to shape their defensive strategy.

### Questions May Linger

On this and other obviously contentious assertions, Mr. Veliotis spoke with disarming casualness, as if describing everyday business. Even if nothing is finally proved, the question will linger of how such a seemingly

amoral attitude could flourish for years at the highest levels of the defense industry. It is a question that has not escaped Mr. Veliotis himself, though his answer is essentially self-excusing — that such practices are common in the industry.

He said he was interested neither in "bringing down General Dynamics," nor in returning to America to reclaim some \$9 million in personal assets frozen by the courts. He said he hoped his allegations would lead to reform in Pentagon weapons procurement, a process he described as being plagued by abuse.

There appear to be two clear targets of his elaborate ballet with Federal investigators: Hyman G. Rickover, the retired admiral who was a key figure in the Navy's nuclear submarine program, and David S. Lewis, chairman and chief executive of General Dynamics. Both are repeatedly the subjects of deep expressions of contempt from the former shipyard manager.

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